

B40579

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENT EXAMINATION REPORT
OF

LOGANSPOUR CASS COUNTY
AIRPORT AUTHORITY

CASS COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
07/18/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Timothy M. Dalton	01-01-10 to 12-31-12
Treasurer	Patrick E. McNarny	01-01-10 to 12-31-12
President of the Board	Mark Hildebrandt	01-01-10 to 12-31-12



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LOGANSFORT CASS COUNTY
AIRPORT AUTHORITY, CASS COUNTY, INDIANA

We have examined the financial statements of the Logansport Cass County Airport Authority (District), for the period of January 1, 2010 to December 31, 2011. The District's management is responsible for the financial statements. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the District for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables, Schedule of Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the District's management, District's Board, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 4, 2012

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FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the District. The financial statements and notes are presented as intended by the District.

LOGANSPORT CASS COUNTY AIRPORT AUTHORITY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Operating	\$ 180,325	\$ 552,554	\$ 279,948	\$ 452,931
Debt Service	16,701	149,341	157,698	8,344
Capital Bond	172,668	283,492	270,220	185,940
Rainy Day	45,309	23,042	-	68,351
Aviation Fuels Rotary	18,156	216,311	212,799	21,668
Aircraft Rental	-	7,032	797	6,235
Levy Excess	-	1,469	-	1,469
Payroll	1,863	90,967	91,483	1,347
Garnishment	-	3,889	3,885	4
Totals	<u>\$ 435,022</u>	<u>\$ 1,328,097</u>	<u>\$ 1,016,830</u>	<u>\$ 746,289</u>

The notes to the financial statements are an integral part of this statement.

LOGANSPORT CASS COUNTY AIRPORT AUTHORITY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General Operating	\$ 452,931	\$ 781,098	\$ 481,309	\$ 752,720
Rainy Day	68,351	-	26,192	42,159
Levy Excess	1,469	-	-	1,469
Aviation Fuels Rotary	21,668	383,854	386,422	19,100
AIP 3-18-0051-17	-	296,079	267,488	28,591
Aircraft Rental	6,235	6,850	7,628	5,457
Capital Bond	185,940	3,154	77,430	111,664
Debt Service	8,344	234,930	168,510	74,764
Garnishment	4	4,853	4,559	298
Payroll	1,347	91,681	90,684	2,344
Totals	<u>\$ 746,289</u>	<u>\$ 1,802,499</u>	<u>\$ 1,510,222</u>	<u>\$ 1,038,566</u>

The notes to the financial statements are an integral part of this statement.

LOGANSPORT CASS COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The District was established under the laws of the State of Indiana. The District operates under an appointed governing board.

The accompanying financial statements present the financial information for the District.

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the District.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: rental charges, building department charges, copies of public records, copy machine charges, fines and fees, and fuel charges.

LOGANSPORT CASS COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the District. It includes all expenditures for the reduction of the principal and interest of the District's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The District may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the District. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the District. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the District in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

LOGANSPOUT CASS COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the District submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the District in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the District to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The District may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the District to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the District by recording as a disbursement any replacement items purchased.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the District's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the District's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the District which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the District. It is presented as intended by the District.

LOGANSPORT CASS COUNTY AIRPORT AUTHORITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General Operating	Debt Service	Capital Bond	Rainy Day	Aviation Fuels Rotary
Cash and investments - beginning	\$ 180,325	\$ 16,701	\$ 172,668	\$ 45,309	\$ 18,156
Receipts:					
Taxes	380,496	149,341	-	-	-
Intergovernmental	152,663	-	-	-	-
Charges for services	11,078	-	-	-	216,311
Other receipts	8,317	-	283,492	23,042	-
Total receipts	<u>552,554</u>	<u>149,341</u>	<u>283,492</u>	<u>23,042</u>	<u>216,311</u>
Disbursements:					
Personal services	93,875	-	-	-	-
Supplies	8,940	-	-	-	-
Other services and charges	154,091	-	-	-	-
Capital outlay	23,042	-	260,220	-	-
Other disbursements	-	157,698	10,000	-	212,799
Total disbursements	<u>279,948</u>	<u>157,698</u>	<u>270,220</u>	<u>-</u>	<u>212,799</u>
Excess (deficiency) of receipts over disbursements	<u>272,606</u>	<u>(8,357)</u>	<u>13,272</u>	<u>23,042</u>	<u>3,512</u>
Cash and investments - ending	<u>\$ 452,931</u>	<u>\$ 8,344</u>	<u>\$ 185,940</u>	<u>\$ 68,351</u>	<u>\$ 21,668</u>

LOGANSPORT CASS COUNTY AIRPORT AUTHORITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Aircraft Rental	Levy Excess	Payroll	Garnishment	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 1,863	\$ -	\$ 435,022
Receipts:					
Taxes	-	-	-	-	529,837
Intergovernmental	-	-	-	-	152,663
Charges for services	7,032	-	-	-	234,421
Other receipts	-	1,469	90,967	3,889	411,176
Total receipts	7,032	1,469	90,967	3,889	1,328,097
Disbursements:					
Personal services	-	-	91,483	-	185,358
Supplies	-	-	-	-	8,940
Other services and charges	-	-	-	-	154,091
Capital outlay	-	-	-	-	283,262
Other disbursements	797	-	-	3,885	385,179
Total disbursements	797	-	91,483	3,885	1,016,830
Excess (deficiency) of receipts over disbursements	6,235	1,469	(516)	4	311,267
Cash and investments - ending	\$ 6,235	\$ 1,469	\$ 1,347	\$ 4	\$ 746,289

LOGANSPOUR CASS COUNTY AIRPORT AUTHORITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General Operating	Rainy Day	Levy Excess	Aviation Fuels Rotary	AIP 3-18-0051-17	Aircraft Rental
Cash and investments - beginning	\$ 452,931	\$ 68,351	\$ 1,469	\$ 21,668	\$ -	\$ 6,235
Receipts:						
Taxes	597,657	-	-	-	-	-
Intergovernmental	155,798	-	-	-	-	-
Charges for services	11,960	-	-	383,854	-	6,850
Other receipts	15,683	-	-	-	296,079	-
Total receipts	<u>781,098</u>	<u>-</u>	<u>-</u>	<u>383,854</u>	<u>296,079</u>	<u>6,850</u>
Disbursements:						
Personal services	130,697	-	-	-	-	-
Supplies	9,522	-	-	-	-	-
Other services and charges	155,965	26,192	-	-	-	7,305
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	185,125	-	-	-	267,488	-
Other disbursements	-	-	-	386,422	-	323
Total disbursements	<u>481,309</u>	<u>26,192</u>	<u>-</u>	<u>386,422</u>	<u>267,488</u>	<u>7,628</u>
Excess (deficiency) of receipts over disbursements	<u>299,789</u>	<u>(26,192)</u>	<u>-</u>	<u>(2,568)</u>	<u>28,591</u>	<u>(778)</u>
Cash and investments - ending	<u>\$ 752,720</u>	<u>\$ 42,159</u>	<u>\$ 1,469</u>	<u>\$ 19,100</u>	<u>\$ 28,591</u>	<u>\$ 5,457</u>

LOGANSPORT CASS COUNTY AIRPORT AUTHORITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Capital Bond	Debt Service	Garnishment	Payroll	Totals
Cash and investments - beginning	\$ 185,940	\$ 8,344	\$ 4	\$ 1,347	\$ 746,289
Receipts:					
Taxes	-	234,930	-	-	832,587
Intergovernmental	-	-	-	-	155,798
Charges for services	-	-	-	-	402,664
Other receipts	3,154	-	4,853	91,681	411,450
Total receipts	3,154	234,930	4,853	91,681	1,802,499
Disbursements:					
Personal services	-	-	-	-	130,697
Supplies	-	-	-	-	9,522
Other services and charges	70,123	-	-	-	259,585
Debt service - principal and interest	-	168,510	-	-	168,510
Capital outlay	6,307	-	-	-	458,920
Other disbursements	1,000	-	4,559	90,684	482,988
Total disbursements	77,430	168,510	4,559	90,684	1,510,222
Excess (deficiency) of receipts over disbursements	(74,276)	66,420	294	997	292,277
Cash and investments - ending	\$ 111,664	\$ 74,764	\$ 298	\$ 2,344	\$ 1,038,566

LOGANSPORT CASS COUNTY AIRPORT AUTHORITY
SCHEDULE OF PAYABLES
December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>
Governmental activities	<u>\$ 38,179</u>

LOGANSPORT CASS COUNTY AIRPORT AUTHORITY
 SCHEDULE OF DEBT
 December 31, 2011

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities: General obligation bonds	To fund expansion and improvement of airport facilities and infrastructure.	\$ 1,100,000	\$ 169,010
Totals		<u>\$ 1,100,000</u>	<u>\$ 169,010</u>

LOGANSPORT CASS COUNTY AIRPORT AUTHORITY
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 218,760
Infrastructure	1,256,254
Buildings	1,952,158
Improvements other than buildings	74,504
Machinery, equipment and vehicles	410,971
Construction in progress	296,079
Total governmental activities	4,208,726
Total capital assets	\$ 4,208,726

LOGANSPOUT CASS COUNTY AIRPORT AUTHORITY
EXAMINATION RESULTS AND COMMENTS

TIMELY DEPOSITS

Deposits were not made timely. All local tax distributions were deposited between 3 and 80 days after distribution by the County Auditor. The average deposit was made 32 days after distribution. A similar comment was also made in prior Report B37161.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Indiana Code 5-13-6-1(c) states in part:

"All local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Airport Authority paid the Internal Revenue Service (IRS) \$337.95 and the Indiana Department of Revenue (INDOR) \$84.14 in penalties and interest related to the 3rd Quarter of 2009. In addition, they also paid the IRS and the INDOR \$164.45 and \$132.37, respectively, in penalties and interest related to the second Quarter of 2010.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

LOGANSPOUR CASS COUNTY AIRPORT AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on June 4, 2012, with Timothy M. Dalton, Director, and Mark Hildebrandt, President of the Board. The officials concurred with our findings.